

DEPARTMENT OF FINANCIAL INSTITUTIONS  
111 Pine Street, Suite 1100  
San Francisco, CA 94111

January 17, 2008

**NOTICE OF MODIFICATIONS TO TEXT OF  
PROPOSED REGULATIONS**

Pursuant to the requirements of Government Code Section 11346.8(c), and Section 44 of Title 1 of the California Code of Regulations, the Department of Financial Institutions is providing notice of changes made to proposed regulation Sections 10.19900 and 10.19901. These changes are in response to comments received regarding the proposed regulations.

The changes being made are:

Section 10.19900(b)(8) – This section now clarifies which laws the attorney’s opinion must cover. The original text required an opinion that the acquisition would “comply with all applicable laws.” The comments suggested that the scope was overly broad. This section has been clarified to require an opinion that the acquisition would “comply with applicable securities laws and applicable provisions of the Financial Code.” The comments agreed that the Department needs assurances that the applicant has taken the necessary corporate action to authorize the proposed repurchase. The revised section, which now limits the scope of the attorney’s opinion, would provide the necessary assurances as to corporate and legal compliance. The Department believes that a formal legal opinion is necessary because we rely upon that representation to justify an exemption to Financial Code Section 3359(b).

Section 10.19901(d) – This section has been modified to be consistent with Section 10.19900(b)(8) for the reasons discussed above.

If you have any comments regarding the proposed changes, the Department will accept written comments between January 18, 2008 and February 4, 2008. All written comments must be submitted to the Department no later than 5:00 p.m. on February 4, 2008, and addressed to:

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All written comments received by February 4, 2008, which pertain to the indicated changes will be reviewed and responded to by the Department's staff as part of the compilation of the rulemaking file. Please limit your comments to the modifications to the text.